The following Management's Discussion and Analysis ("MD&A") is dated November 12, 2020, and is a discussion of the consolidated financial position and results of Vertex Resource Group Ltd. ("Vertex" or the "Company") for the three and nine months ended September 30, 2020 and 2019, and should be read together with Vertex's unaudited condensed consolidated interim financial statements and accompanying notes (the "Interim Financial Statements") for the three and nine months ended September 30, 2020, the annual audited consolidated financial statements and accompanying notes (the "Annual Financial Statements") for the year ended December 31, 2019 and the Company's Annual Information Form ("AIF") for the same year filed on the Company's SEDAR profile at www.sedar.com. All dollar amounts contained in tables in this MD&A are in thousands of Canadian dollars, except per share amounts or unless otherwise stated.

This MD&A and the Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), which are also Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises in Canada. This MD&A contains forward looking information and reference should be made to Section 7.0 Forward-Looking Information.

1.0 Executive Overview

Vertex is a TSX Venture Exchange publicly traded environmental services company providing industry leading solutions to a diverse range of clients across Canada and within select regions of the United States. Vertex helps its clients achieve their developmental and operational goals through a versatile suite of integrated services. From initial site selection, consultation, and regulatory approval, through the construction, operation and maintenance phases, to conclusion and environmental cleanup, Vertex offers services throughout the life cycle of its clients' projects. The Company services a wide array of high-quality customers operating in numerous industries. Vertex trades under the symbol "VTX".

The Company operates in two segments:

Environmental Consulting

Through Vertex's Environmental Consulting segment, the Company provides a variety of services related to assisting its clients to meet internal environmental standards, environmental legislation and related environmental compliance requirements. These services span multiple industries including energy, mining, utilities, forestry, private development, public infrastructure, telecommunications, and government. More specifically, these services include environmental planning and regulatory approvals, reclamation, remediation, groundwater monitoring, abandonment, drilling and completion engineering and emergency spill response.

Environmental Services

Through Vertex's Environmental Services segment, the Company provides a variety of services related to transportation, removal, storage, disposal of materials, and maintenance of facilities in an environmentally safe manner. Services include logistics, equipment rentals, hydrovac services, and industrial cleaning for various industries including energy, telecommunications, public sector, utilities, mining, and agriculture.

2.0 Operational and Financial Highlights

The economic uncertainty and contraction which commenced with the emergence of COVID-19 as a major threat in late Q1 has continued throughout 2020. This has been evidenced by government lockdown related restrictions and COVID-19 mitigation strategies which have impacted the demand for energy products and services and for all other industries which Vertex serves. This has resulted in reduced revenues and operating gross margins. However, the impact has been mitigated by prudent cost cutting measures, recurring and stable revenue streams, and the fact that Vertex's business has been deemed essential in Canada and the United States given the importance of its services.

Vertex's diversification efforts with continued expansion in the utilities and telecommunications sectors and growth in our US operations have also helped to mitigate the revenue declines. Vertex remains in a strong financial position and continues to reduce outstanding debt. The Company is maintaining its focus on cost containment, operating efficiencies, geographic diversification, and sector diversification.

From an environmental consulting perspective, the expected increase in abandonment and reclamation (A&R) projects from major government funding has been delayed as contracting and funding mechanisms were being developed during Q2 and Q3 resulting in delayed project awards. Vertex expects significant revenue opportunities in this area through 2022, having already won various projects which are expected to kick off in the near to medium term, and very significant remaining unallocated funding.

Third quarter highlights:

The Company generated $32.1 million in revenues compared to $43.7 million in Q3 2019, while reported gross margin increased to 29.8% from 23.3%.

Adjusted EBITDA during the third quarter amounted to $6.8 million compared to $6.5 million in Q3 2019, with adjusted EBITDA as a percentage of revenue increasing to 21.3% up from 14.8% in Q3 2019.

Net income for the period was $1.5 million compared to a loss of $0.5 million in Q3 2019.

Free cash flow amounted to $6.6 million compared to $4.4 million in Q3 2019 (free cash flow is defined as adjusted EBITDA less maintenance capital expenditures net of disposal proceeds).

Including the wage subsidy, reported G&A costs declined from $3.7 million in Q3 2019 to $2.8 million in Q3 2020.

Nine month highlights:

Revenue decreased from $127.4 million in 2019 to $98.8 million for the same period in 2020, while reported gross margin improved to 28.1% from 23.7%.

Adjusted EBITDA amounted to $18.7 million for the nine months of 2020 compared to $17.8 million in 2019.

Net income was at a break-even level after removing the impact of restructuring expenses and impairment charges. Reported net loss was $4.8 million compared to $2.4 million the prior year. The decrease was due primarily to impairment of goodwill and intangibles in the first quarter of $3.7 million, and to restructuring costs of $1.8 million for the year to date.

Free cash flow amounted to $17.8 million compared to $14.7 million in the nine months ended September,30, 2019.

Including the wage subsidy, G&A costs reported in the nine months ending September 30, 2020 were $9.0 million compared to $12.4 million in the same nine months of 2019.

2.1 Selected Financial Information

	Three months ended September 30,		Nine Months ended September 30,	
	2020	2019	**2020**	2019
Revenue	**32,067**	43,655	**98,794**	127,406
Direct costs	**22,509**	33,483	**70,996**	97,171
Gross profit	**9,558**	10,172	**27,798**	30,235
General and administrative expenses	**2,736**	3,697	**8,951**	12,401
Share-based compensation	**46**	32	**134**	142
Depreciation and amortization	**3,243**	5,608	**14,094**	16,638
Finance costs	**1,480**	1,544	**4,566**	4,370
Impairment	**0**	0	**3,665**	-
Restructuring costs	**189**	0	**1,772**	-
Income (loss) before income taxes	**1,864**	(709)	**(5,384)**	(3,316)
Income tax expense (recovery)	**393**	(186)	**(545)**	(901)
Net income (loss) and comprehensive income (loss) for the period	**1,471**	(523)	**(4,839)**	(2,415)
Net income (loss) per share				
Basic and diluted	**0.02**	(0.01)	**(0.05)**	(0.03)
Weighted average number of shares outstanding for the purpose of calculating earnings per share				
Basic and diluted	**91,253,115**	91,253,115	**91,253,115**	91,253,115

2.2 Adjusted EBITDA

	Three months ended September 30,		Nine Months ended September 30,	
	2020	2019	**2020**	2019
Net income (loss) and comprehensive income (loss) for the period	**1,471**	(523)	**(4,839)**	(2,415)
Add:				
Share-based compensation	**46**	32	**134**	142
Depreciation and amortization	**3,243**	5,608	**14,094**	16,638
Finance costs	**1,480**	1,544	**4,566**	4,370
Impairment	**-**	-	**3,665**	-
Restructuring costs	**189**	-	**1,772**	-
Income tax expense (recovery)	**393**	(186)	**(545)**	(901)
ADJUSTED EBITDA (1)	**6,822**	6,475	**18,846**	17,834
Environmental Consulting	**2,858**	2,207	**6,797**	4,902
Environmental Services	**6,059**	5,515	**18,277**	16,749
Other	**(2,096)**	(1,247)	**(6,228)**	(3,817)
	6,822	6,475	**18,846**	17,834

(1) "Adjusted EBITDA" is a non-IFRS financial measure which is calculated by adjusting net (loss) income for the sum of income taxes, finance costs including interest accretion on lease liabilities, gain on bargain purchase, depreciation of property and equipment and right of use assets, amortization of intangible assets, share-based compensation, restructuring costs and impairment. The Company uses Adjusted EBITDA as an indicator of its principal business activities operational performance prior to consideration of how its activities are financed and the impact of taxation, non-cash depreciation and amortization, restructuring costs and other non-cash expenses such as impairment required under IFRS. Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures provided by other companies. Adjusted EBITDA is used by many analysts as an important analytical tool and management of Vertex believes it is useful for providing readers with additional clarity on Vertex's operational performance. This measure is also considered important by the Company's lenders in determining compliance by the Company with the financial covenants under its lending arrangements.

3.0 Outlook

The economic uncertainty and contraction which commenced with the advent of COVID-19 in late Q1 has continued throughout 2020, evidenced by delays in construction projects, government imposed restrictions limiting access to work sites, significantly reduced demand and volume for energy products, ongoing price competition, and reductions in capital spending. Vertex's growing reputation, strong presence in various geographic areas, relationships with clients, and diversified complement of services have allowed it to withstand the economic pressures better than other service providers offering a single service or those that have operations in only one geographic region. Strong client relationships, effective safety programs, strong quality control, a reputation for meeting commitments, and various government support and stimulus programs mitigated the potential for material reductions in gross margins.

Revenues are projected to continue to improve in Q4 from the low point experienced in Q2. However, current activity and revenue levels are still expected to be softer than last year's levels. At this date demand for Vertex's services are expected to improve in 2021 above the levels experienced in 2020 due to various government programs for reclamation and abandonment of environmental liabilities, improved capital spending across multiple industries, unfettered access to work sites, recovery of energy production, elimination of Alberta government production curtailments, increased natural gas developments and prices, reinstatement of major customer maintenance programs, and continued diversification. These expectations may change from period to period if economic activity is further dampened, new government safety measures are enacted, or supply/demand conditions remain unsettled. The CEWS program has been extended until June 2021 and Vertex will continue to participate in all periods for which we meet the eligibility requirements.

Vertex intends to be nimble and agile as an organization, with continued focus on operational efficiencies, process efficiencies, enhanced technology developments and implementation; combined with bundling of our services and solutions for our customers. While strong competition for projects and contracts, along with competitive pricing, is expected to persist for the near to medium term; Vertex expects to continually generate strong, free cashflows from operations, further strengthen our healthy financial position, and ready itself for the increased demand that is expected to occur when Western Canada's energy market recovers with the completion of major pipelines over the next three years. Vertex also expects to continue benefitting from the ongoing demand for NGL's, such as butane and propane, and the increasing demand for cleanup of environmental liabilities. In addition, the Company expects to realize the full year of benefits in 2021 from the cost savings and organizational changes made in 2020.

Vertex is very well positioned to work closely with our Indigenous partners, customers and the provincial governments of Alberta, Saskatchewan, and British Columbia and the Canadian federal government to participate in the various environmental liability clean up programs in 2021 and 2022. In addition, Vertex is a prime contractor for the Alberta Orphan Well Association, the Saskatchewan Orphan Well Association and the BC Oil & Gas Commission. Vertex anticipates an increased level of activity from all these programs in 2021 as the various government agencies and departments have now been able to develop and refine the funding mechanisms, the absence of which largely impeded activity in 2020. The Company also plans to continue expanding its services to municipalities, utilities, renewables and the telecommunications sector and will continue its geographic diversification efforts in British Columbia, Ontario, and the U.S. In addition, the natural gas industry in Alberta and British Columbia is expected to grow significantly with the development of LNG Canada's Kitimat, BC plant, the Coastal Gas Link Pipeline, and the Nova Gas Transmission Pipeline over the next two to three years.

4.0 Results from Operations

4.1 Revenue

The following table sets forth revenue by reportable operating segment:

	Three months ended September 30,		Nine Months ended September 30,	
	2020	2019	**2020**	2019
Environmental Consulting	**10,401**	13,051	**28,869**	33,247
Environmental Services	**20,388**	29,144	**66,711**	87,533
Other	**1,278**	1,460	**3,214**	6,626
Revenue	**32,067**	43,655	**98,794**	127,406

Third Quarter 2020 versus Third Quarter 2019

During the third quarter 2020, revenue decreased across all segments, resulting in an overall decrease in revenue of $11.6 million, or 26.5% from the same quarter ended September 30, 2019.

The revenue decrease of $2.7 million, or 20.3%, in the Environmental Consulting segment was due to unintended consequences for reclamation projects across Western Canada. Customers delayed programs as they were awaiting the government funding allocations and detailed mechanics for the programs to be developed.

Revenue in the Environmental Services segment was negatively affected by the ongoing impact of COVID-19 which has resulted in reduction of construction, drilling and exploration activities, and production, along with the curtailment of customers' maintenance spending and government imposed restrictions implemented in response to COVID-19. This resulted in revenue of $20.4 million, a decrease of 30.0% over the same quarter ended September 30, 2019.

Nine Months Ended September 30, 2020 versus Nine Months Ended September 30, 2019

Revenue for the nine months ended September 30, 2020 decreased to $98.8 million, down by $28.6 million or 22.5%, from $127.4 million.

Revenue for the Environmental Consulting segment decreased by $4.4 million compared to the same nine months of 2019. The decrease is due to the impact of COVID-19, reduced compliance requirements, reduced demand for land acquisitions, and the unintended consequence of deferred customer spending on abandonment and reclamations while awaiting the formulation of funding mechanisms for government supported initiatives.

The Environmental Services segment generated lower revenues compared to the same nine-month period of 2019 primarily due to the ongoing impact of COVID-19. The continued uncertainty caused by COVID-19 continues to delay new construction projects, negatively affect the restart of some construction projects, and cause the postponement of some maintenance programs. Pressure remains on oil prices due to the demand uncertainty created by further economic shutdowns or slower restarts by governments throughout the world. This concern has continued to result in lower capital expenditures and lower production volumes than in the previous year.

4.2 Gross Profit

	Three months ended September 30,		**Nine Months ended September 30,**	
	2020	2019	**2020**	2019
Gross profit	**9,558**	10,172	**27,798**	30,235
Gross profit as a % of revenue	**29.8%**	23.3%	**28.1%**	23.7%

The third quarter saw continued COVID-19 effects. These factors caused reductions in demand, pricing, and utilization of personnel and equipment; however, through cost management and efficiencies, the Company was able to maintain consistent gross margin from operating activities in comparison to the prior year. Reported gross margin for the quarter reflects CEWS of $2.8 million. Reported gross margin for the nine months ended September 30, 2020 is negatively affected by $2.0 million of one-time charges but has been bolstered by CEWS amounting to $7.1 million. The Company will continue to work on avenues for enhancing gross margins and maintaining successful operations.

4.3 General and Administrative Expenses (G&A)

	Three months ended		Nine Months ended	
	September 30,		September 30,	
	2020	2019	**2020**	2019
G&A	**2,736**	3,697	**8,951**	12,401
G&A as a % of revenue	**8.5%**	8.5%	**9.1%**	9.7%

The third quarter decrease resulted from the receipt of the CEWS benefit amounting to $0.8 million and removal of costs related to under-performing operations.

G&A for the nine months resulted from reduced salaries, CEWS benefit of $2.0 million and benefits due to continuous efficiency improvements and active management of costs in response to lower revenue levels experienced year to date.

4.4 Adjusted EBITDA

	Three months ended		Nine Months ended	
	September 30,		September 30,	
	2020	2019	**2020**	2019
Environmental Consulting	**2,858**	2,207	**6,797**	4,902
Environmental Services	**6,059**	5,515	**18,277**	16,749
Other	**(2,096)**	(1,247)	**(6,228)**	(3,817)
Adjusted EBITDA	**6,822**	6,475	**18,846**	17,834
Adjusted EBITDA[(1)] as a % of revenue	**21.3%**	14.8%	**19.1%**	14.0%

(1) See Adjusted EBITDA definition Section 2.2.

Third Quarter 2020 versus Third Quarter 2019

The Environmental Consulting segment's Adjusted EBITDA increased by $0.7 million in the third quarter of 2020 from the same quarter of 2019. The Environmental Services segment's Adjusted EBITDA increased by $0.5 million compared to Q3 2019. Adjusted EBITDA increases result from a combination of proactive management to offset the revenue impact from COVID-19 pressures and the benefit of the CEWS.

The "Other" segment is comprised of corporate costs and other minor operations. Adjusted EBITDA in this segment decreased due to reduced revenues in those minor operations.

Nine Months Ended September 30, 2020 versus Nine Months Ended September 30, 2019

Environmental Consulting EBITDA improved in the nine month period ended September 30, 2020 by $1.9 million and Environmental Services segment EBITDA grew by $1.5 million for the same reasons as provided above for the quarter.

EBITDA losses in the Other segment increased by $2.4 million from the prior year due to lower revenue from the minor operations referred to above.

4.5 Other items

	Three months ended September 30,		Nine Months ended September 30,	
	2020	2019	**2020**	2019
Share-based compensation	**46**	32	**134**	142
Depreciation and amortization	**3,243**	5,608	**14,094**	16,638
Finance costs	**1,480**	1,544	**4,566**	4,370
Impairment	**-**	-	**3,665**	-
Restructuring costs	**189**	-	**1,772**	-
Total	**4,958**	7,184	**24,231**	21,150

Third Quarter 2020 versus Third Quarter 2019

Other items during the three months ending September 30, 2020 decreased to $5.0 million due to a reduction of depreciation resulting from slower replacement of fully deprecated fixed assets

Nine Months Ended September 30, 2020 versus Nine Months Ended September 30, 2019

Total other costs during the nine months ending September 30, 2020 increased primarily due to $3.7 million of impairment charges related to goodwill and intangibles in the first quarter of 2020 and total restructuring costs of $1.8 million in the first nine months of 2020. Reductions in depreciation and amortization of $2.5 million offset these increases.

4.6 Net Loss and Comprehensive Loss for the Period

	Three months ended September 30,		Nine Months ended September 30,	
	2020	2019	**2020**	2019
Net income (loss) and comprehensive income (loss) for the period	**1,471**	(523)	**(4,839)**	(2,415)

Third Quarter 2020 versus Third Quarter 2019

Resulting net income and comprehensive income for the third quarter of 2020 was $1.5 million compared to a loss of $0.5 million in third quarter 2019.

Nine Months Ended September 30, 2020 versus Nine Months Ended September 30, 2019

Net loss and comprehensive loss for the nine-month period increased due to the impairment charge on goodwill and intangibles and the restructuring costs in 2020. Excluding these items, the Company would have $0.6M of net income for the nine months ending September 30, 2020.

4.7 Summary of Quarterly Results

($000 except per share amounts)	2020			2019				2018
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Revenue	**32,067**	28,301	38,426	40,664	43,655	41,123	42,628	46,582
Net (loss) income	**1,471**	(711)	(5,599)	(8,871)	(523)	(1,266)	(625)	430
Basic and diluted (loss) income per share	**0.02**	(0.01)	(0.06)	(0.10)	0.00	(0.01)	(0.01)	0.01
Adjusted EBITDA(1)	**6,822**	6,702	5,323	4,472	6,475	5,333	6,026	5,938

(1) See Adjusted EBITDA definition Section 2.2.

(2) See note below.

Vertex continues to demonstrate the resiliency and stability of our diverse service offerings across diverse industries. The Company continues to cross sell services for our people and equipment to drive utilization and revenues to maintain successful operations in a challenging economic environment.

Vertex's operating and financial performance declined in the fourth quarter of 2019 as the majority of service lines experienced a contraction of opportunities or delays in capital expenditures into 2020. A lower revenue level has continued into the three quarters of 2020 due to volatility of commodity prices, COVID-19, continued uncertainty for oil demand and unintended delay in reclamation activities caused by new government funding programs. Second quarter 2020 bore the full impact of COVID-19 due to full economic shutdowns in many jurisdictions and very high uncertainty surrounding energy demand and production which impacted all Company business lines. Third Quarter 2020 reflects the beginning of a recovery with a more constructive outlook for the remainder of 2020 and 2021.

Revenue and Adjusted EBITDA remained stable for 2018, 2019, and much of first quarter 2020, due to Vertex's service offerings deriving revenues from on-going, repetitive streams in our clients' operations, maintenance and reclamation activities. As noted above, the fourth quarter of 2019 faced challenges from an opportunity perspective that negatively impacted operating results. In addition, $6.7 million in impairment charges were recognized during that quarter, with an additional $3.7 million in impairment charges during the first quarter of 2020. Adjusted EBITDA has remained at a high level for second and third quarter 2020 as a result of CEWS and company actions to mitigate the potential drop from severe economic contractions.

(2) Restatement of quarterly balances: Net (loss) income and Adjusted EBITDA in the first, second and third quarter of 2019 have been restated as a result of enhanced interpretation of the guidance of IFRS 16 – Leases. The changes result in an increase to direct costs and general and administrative expenses offset by a reduction of depreciation on right of use assets and interest accretion on lease liabilities.

In the three months ended March 31, 2019 net loss and Adjusted EBITDA were previously $614 and $6,307 respectively. In the three months ended June 30, 2019 net loss and Adjusted EBITDA were $1,320 and $6,253 respectively. Finally, in the three months ended September 30, 2019 net loss and Adjusted EBITDA were $553 and $7,281 respectively. Basic and diluted loss per share was not impacted by these changes.

5.0 Liquidity and Capital Management

The following table sets forth the Company's cash flow by activity for the following periods:

	Nine Months ended September 30,	
	2020	2019
Cash provided by operating activities	**16,115**	16,869
Cash used in investing activities	**(980)**	(3,695)
Cash used in financing activities	**(16,025)**	(14,141)
	(890)	(967)

The Company expects to generate sufficient cash flows from operations and continues to access its credit facilities to meet contractual obligations, planned expenditures, and growth initiatives as they are required. The Company expects it may need to utilize the operating and revolving loans to support future revenue growth as activity rebounds from the COVID related contraction. The Company typically utilizes its available committed operating loans and capital lease lines. The Company has a health liquidity position with access to in excess of $35 million to fund working capital requirements and planned expenditures.

5.1 Cash Provided by Operating Activities

The decrease in cash provided by operating activities was due to lower operating activity in the second and third quarters of 2020 relative to the second and third quarters of 2019.

5.2 Cash Used in Investing Activities

Capital expenditures on property and equipment have been reduced to essential purchases in this economic environment.

5.3 Cash Used in Financing Activities

Cash used in financing activities increased as deferrals provided by lenders in the second quarter came to an end and principal payments returned to pre COVID-19 schedules. Vertex is focused on reducing its loans and borrowings through regular and additional repayments in 2020 and 2021. Loans and borrowings have decreased by $8 million since second quarter 2020.

5.4 Working Capital

	September 30, 2020	December 31, 2019
Current assets	**33,825**	40,366
Current liabilities (excluding current portion of loans and borrowings, other liabilities, and lease liabilities)	**14,533**	16,187
Working Capital	**19,292**	24,179

Working capital at September 30, 2020 decreased from December 31, 2019 by $4.9 million due to slower activity in the second and third quarter. The Company utilized the cash from the working capital reduction to repay loans and borrowings.

5.5 Credit Facilities

	September 30, 2020	December 31, 2019
Revolving and operating loans:		
Committed revolving and operating facilities	**35,000**	35,000
Drawn on revolving and operating facilities	**9,376**	21,400
Available revolving and operating facilities	**25,624**	13,600

Debt as of September 30, 2020, consisted of the items noted in Section 5.6 Commitments and Contingencies.

In June 2020 additional amendments were made as outlined in the loans and borrowings note in the condensed consolidated interim financial statements for the quarter ended September 30, 2020. Salient features are as follow: a) the maturity date has been extended to November 11, 2021; b) a new covenant has been added – Net Syndicated Funded Debt to EBITDA which calls for ratios of 4.25:1 for the fiscal quarter ending March 31, 2020, increased to 5.00:1 for the fiscal quarters ending June 30, 2020 through March 31, 2021, and stepped down to 4.25:1 for each fiscal quarter thereafter; c) the Fixed Charge Coverage Ratio was reduced to 1.10:1, d) the Net Senior Funded Debt to EBITDA ratio was modified to be on the same schedule as the Net Syndicated Funded Debt to EBITDA ratio plus 0.5:1.00. Net Syndicated Funded Debt is consolidated net senior indebtedness less BDC co-lending facility and BDC working capital loan program.

Also in June, 2020 and May, 2020 a Co-lend Term Loan and a Working Capital Loan supported by federal programs in the amounts of $6.25 million and $2.0 million respectively to support the Company's liquidity were agreed to and are also described in the loans and borrowings note in the condensed consolidated interim financial statements for the quarter ended September 30, 2020. The $6.25 million loan was funded in the second quarter while the $2.0 million loan was funded on October 23, 2020.

Debt Covenants

As of September 30, 2020, the Company was in compliance with the terms and covenants of its lending agreements on the operating loan, revolving loan and term loan. Trailing twelve-month EBITDA attributable to businesses acquired in the period is permitted to be added to EBITDA when calculating covenants along with one-time approved non-recurring expenses. Trailing twelve-month bank EBITDA was $19.8 million for the trailing twelve months ending September 30, 2020.

5.6 Commitments and Contingencies

As part of the Company's normal operations, it often enters into contracts, such as leases and purchase contracts, which obligate the Company to make disbursements in the future. The following table summarizes these future principal and interest payments required with respect to the Company's contractual obligations:

	Due within one year	Due between one and five years	Due after five years	Total
Accounts payable and accrued liabilities	13,809	-	-	**13,809**
Revolving loan	596	8,969	-	**9,565**
Term loan	7,617	38,170	-	**45,786**
Co-lend loan	728	5,931	964	**7,622**
Equipment loans	1,515	1,355	-	**2,870**
Other liabilities	636	765	-	**1,401**
Lease liabilities	6,478	15,734	2,514	**24,725**
Financial liabilities	31,378	70,923	3,478	**105,779**

Legal Claims

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and other third parties. Management believes that adequate provisions have been made for potential claims in the Company's accounts. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the consolidated financial position of the Company.

Off-Balance Sheet Arrangements

At September 30, 2020, the Company did not have any off-balance sheet arrangements.

5.7 Capital Expenditures

The Company's gross capital expenditures for the nine months ending September 30, 2020 were $2.1 million compared to $4.5 million in the nine months ended September 30, 2019. The Company undertakes to sell any under-utilized assets that cannot be redeployed in other geographical locations in order to improve utilization. The Company sold $1.1 million worth of property and equipment in the first nine months of 2020, compared to $1.3 million in the same period of 2019.

Annual net capital expenditures for 2020 have been revised downward from the 2020 annual budget. The net capital expenditures based on the revised budget are expected to be in the range of $3.5 million to $4.5 million. The maintenance and growth capital expenditures are not committed or required if factors related to economics, industrial and customer spending plans change.

5.8 Credit Risk

The Company's revenues come from a diverse customer base, which includes the energy, real estate, utilities, agriculture, municipalities, telecommunication, and mining industries in western Canada. Currently, the COVID-19 pandemic has had a material negative impact on the business prospects of companies both within and outside the energy industry. Therefore, the Company has to monitor accounts receivable more closely, to maintain a heightened awareness of the possibility of bad debts, and advance its collection process. The vast majority of Vertex's revenues are derived from large investment grade clients for which the possibility of bad debts is considered as remote. However, revenues are also derived from middle market companies for which the potential for bad debts has increased. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. For the quarter ended September 30, 2020, the Company had no customer that accounted for more than 10% of the consolidated sales (year ended December 31, 2019 – one customer greater than 10%). The aging analysis of accounts receivable is included in the following table. Vertex is monitoring these amounts and the nature and prospects of the clients and believes the allowance for expected credit losses appropriately reflects the amounts at risk.

	September 30, 2020	December 31, 2019
0 to 30 days	14,871	15,085
31 to 60 days	3,056	9,405
61 to 90 days	1,357	2,883
Over 90 days	2,821	2,818
Holdbacks	123	7
Trade accounts receivable	22,228	30,198
Allowance for expected credit losses	(497)	(317)
Trade receivables, net of allowance	21,731	29,881
Accrued receivables	4,902	1,154
Other receivables	46	1,784
	26,679	32,819

5.9 Outstanding Share Data

As of November 12, 2020, the Company had 91,253,115 Common Shares outstanding. As of the same date, the Company had outstanding 3,760,000 stock options to purchase up to an aggregate of 3,760,000 Common Shares.

5.10 Transactions with Related Parties

All related party transactions are in the normal course of business materially under the same commercial terms and conditions as transactions with unrelated companies and are recorded at the exchange amount. Related party transactions include transactions with other private companies that are controlled by a director or officer.

At September 30, 2020, lease liabilities includes $5.4 million (September 30, 2019 - $5.9 million) of liabilities relating to the leases with a related party and principal payments of unsecured lease liabilities and associated interest accretion for the nine months ended September 30, 2020 were $0.7 million (nine months ended September 30, 2019 - $0.7 million).

6.0 Critical Accounting Judgments, Estimates and Accounting Policy Developments

6.1 Critical Judgments in Applying the Company's Accounting Policies

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting period, as well as the disclosures of contingent assets and liabilities. Accordingly, actual results could differ from these estimates and judgments.

The Company has:

- continuously refined and documented its management and internal reporting systems to ensure that accurate and timely internal and external information is gathered and disseminated. Management also regularly evaluates these estimates and assumptions, which are based on past experience and other factors that are deemed reasonable under the circumstances; and
- hired employees and consultants who have the skills required to make such estimates and ensures that employees or departments with the most knowledge of the activity are responsible for the estimates. Furthermore, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates.

The Company's summary of significant accounting policies, estimates and critical judgements are contained in note 5 to the consolidated financial statements.

6.2 Future Accounting Standard Pronouncements

The Company has reviewed new and revised standards and interpretations that have been approved by the IASB. There have been no new standards or interpretations issued during 2020 that significantly impact Vertex.

6.3 Financial Instruments

The Company considers managing risk as being an integral part of its development and diversification strategies. The Company uses a proactive and rigorous approach for management of the financial risks to which it is exposed.

The Company does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

The Company's most significant financial risk exposure and its financial risk management policies are discussed in Note 26 to the Annual Financial Statements.

7.0 Forward-Looking Information

Any "financial outlook" or "future oriented financial information" in this MD&A, as defined by applicable securities laws, has been approved by management of Vertex. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other circumstances.

Certain statements contained in this document constitute "forward-looking information". When used in this document or by any of the Company's management, the words "may", "would", "will", "intend", "plan", "propose", "anticipate" and "believe" are intended to identify forward-looking information. In particular, but without limiting the foregoing, this document contains forward-looking information and statements pertaining to the following: the Company's key strategies, objectives and competitive strengths; anticipated expenses; the Company's ability to integrate and capitalize on underutilized equipment through cross-selling opportunities across service lines and reducing redundant costs in 2020; growth opportunities in 2020; supply and demand for the Company's services; anticipated savings in 2020; activity levels in the oil and gas industry and other industries in which the Company operates; annual gross maintenance capital expenditures for 2020; future development activities; and the Company's ability to retain existing clients and attract new business, particularly business outside of the energy industry. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on its experience and expertise with respect to future events, and are subject to certain risks, uncertainties, and assumptions.

The forward-looking information and statements contained in this document reflect several material factors and expectations and assumptions of the Company, including, without limitation: that the Company will continue to conduct its operations in a manner consistent with past operations; positive future trends in revenue, gross profit margin, Adjusted EBITDA, Bank EBITDA and net income; the general continuance of current or, where applicable, assumed industry conditions; the mix of revenue from non-energy customers in 2020; pricing of the Company's services; the Company's ability to market successfully to current and new clients; the Company's ability to obtain qualified personnel and equipment in a timely and cost-effective manner; the Company's future debt levels; the impact of competition on the Company; the Company's ability to obtain financing on acceptable terms; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing tax, royalty and regulatory regimes; the impact of seasonal weather conditions; client activity levels; anticipated market recovery; the Company's anticipated business strategies and expected success; the Company's ability to utilize its equipment; levels of deployable equipment; and future sources of funding for the Company's capital program.

The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements, including, without limitation: volatility of the oil and natural gas industry; dependence on customer contracts and market acceptance; the Company's growth strategy may not achieve anticipated results; potential litigation claims; difficulty in attracting and retaining skilled personnel; adverse litigation judgments, settlements and exposure to liability resulting from legal proceedings could reduce profits or limit Vertex's ability to operate; the market for Vertex's products and services is subject to extensive government and regulatory approvals; health, safety and environment laws and regulations may require the Company to make substantial expenditures or cause it to incur substantial liabilities; the Company may fail to realize anticipated benefits of future acquisitions; Vertex's indebtedness may adversely affect its financial flexibility and competitive position; competition in the industries in which Vertex operates; downturns in general economic and market conditions; operational hazards and unforeseen interruptions for which Vertex may not be adequately insured; positive covenants in Vertex's material contracts could limit its ability to operate; third party credit risk; conservation measures and technological advances may reduce demand for hydrocarbons; loss of the Company's information and computer systems or cyber-attacks; director and officer conflicts of interest; a reassessment by tax authorities of Vertex's income calculations; volatility in the price of the Common Shares; and the risk factors set forth under the heading “Risk Factors” in the AIF.

Vertex’s business is subject to a number of risks and uncertainties. Readers are encouraged to review and carefully consider the risk factors described in the AIF, which risk factors are specifically incorporated by reference herein.

The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A. The Company does not intend and does not assume any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, unless required by law.

8.0 Additional Information

Additional information, including the AIF, is available on SEDAR at www.sedar.com and the Company’s website at www.vertex.ca.